

## **BILL ANALYSIS**

S.B. 217  
By: Patrick  
State Affairs  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

The State Employee Charitable Campaign (SECC) was created in 1993 by the Texas Legislature to provide state employees and retirees, including higher education employees, the option to donate to charities through the convenience of payroll deduction. SECC operates without state appropriations or dedicated staff, but the State must ensure SECC conducts activities fairly and equitably to protect the approximately 47,500 participating state employees.

SECC is subject to the Sunset Act and will be abolished on September 1, 2013, unless continued by the Legislature. The Sunset Commission concluded that SECC benefits state employees who choose to donate to charities through payroll deduction and should be continued, but its structure is outdated and no longer effective in meeting the changing needs of the campaign. The Sunset Commission recommended several statutory modifications that are contained in this legislation.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Comptroller of Public Accounts in SECTION 2 and SECTION 18 of this bill.

### **ANALYSIS**

#### ***Clearly establishes the State Policy Committee's role in leading and overseeing the campaign***

S.B. 217 requires the State Employee Charitable Campaign Policy Committee (State Policy Committee) to establish the organization and structure of the campaign at the state and local levels, including establishing local campaign areas. The bill also requires the State Policy Committee to develop a strategic plan for and make improvements to the campaign as needed, and ensure donations are appropriately distributed by a federation, fund, or charitable organization that receives money from the campaign.

S.B. 217 requires the State Policy Committee to enter into a contract with the selected state campaign manager for administration of the campaign. The bill requires the State Policy Committee, in coordination with the state campaign manager, to review and approve an annual campaign plan and budget, including specified costs, and post annual summary information regarding campaign performance on SECC's website. The bill also requires the state campaign manager to assist the State Policy Committee with these functions and to perform other duties required by the contract.

The bill requires the State Policy Committee to develop and use guidelines for evaluation of charity applications based on certain eligibility criteria, and to make these guidelines publicly available. The bill also requires the State Policy Committee, in consultation with the Comptroller, to ensure employee donations are appropriately distributed to charities. S.B. 217 provides that any change made by the State Policy Committee to the operation of SECC applies only to a state employee charitable campaign conducted on or after January 1, 2014.

#### ***Restructures the composition and terms of the State Policy Committee***

S.B. 217 reduces the size of State Policy Committee from 13 to nine members by reducing the number of state employees appointed by the Governor from four to two; reducing the number of retired state employees appointed by the Governor from three to one; and requiring the Lieutenant Governor and Comptroller to appoint three members each. The bill also requires the Governor, Lieutenant Governor, and Comptroller to attempt to appoint members to the State Policy Committee from institutions of higher education and a range of small, medium, and large state agencies. The bill also clarifies that the State Policy Committee, in its membership, must represent employees at different levels of employee classification.

S.B. 217 specifies that all current State Policy Committee members' terms expire September 1, 2013. By September 2, 2013, the bill requires the Governor to appoint one state employee and one state retiree, and the Lieutenant Governor and Comptroller to appoint one state employee each, and specifies their terms expire September 1, 2014. By September 2, 2013, the bill requires the Governor to appoint one state employee and the Lieutenant Governor and Comptroller to appoint two state employees each, and specifies their terms expire September 1, 2015. The bill specifies the State Policy Committee members serve two-year terms that expire on September 1. The bill also makes conforming changes to implement and reflect the new structure and terms of the State Policy Committee.

***Requires the Comptroller to provide administrative support to the State Policy Committee***

S.B. 217 requires the Comptroller to provide administrative support to the State Policy Committee, including assistance in developing and overseeing contracts, developing SECC's budget, auditing charities' distribution of money received from SECC upon request, and other administrative functions.

***Removes requirements for local employee committees and local campaign managers to exist***

S.B. 217 eliminates the statutory requirements and specificity for local employee committees and local campaign managers to exist. The bill instead requires the State Policy Committee to establish SECC's structure at the state and local levels, including establishing local campaign areas; appointing any local employee committees considered necessary to assist in evaluating applications from organizations seeking to participate in SECC only in a local campaign area; and appointing any local campaign managers considered necessary to administer the campaign in a local campaign area. The bill also makes conforming changes to reflect changes made to the local campaign structure and functions, including that the Attorney General shall represent any local employee committee appointed by the State Policy Committee.

S.B. 217 also provides that if the State Policy Committee appoints a local campaign manager to administer the campaign in a local campaign area, the State Policy Committee may authorize the local campaign manager to charge a reasonable and necessary fee in the same manner provided for the state campaign manager.

***Restructures the State Employee Charitable Campaign Advisory Committee***

S.B. 217 restructures the State Employee Charitable Campaign Advisory Committee by specifying that the four members who currently represent federations or funds that are not campaign managers must now represent statewide or local federations or funds generally. The bill also removes the requirement that four members represent campaign managers and instead requires four members to represent other charitable organizations participating in SECC.

S.B. 217 clarifies the Committee's advisory role by removing the requirements that the Committee recommend the number and geographic scope of the local campaign areas, and that the Committee review and submit the recommended campaign plan, budget, and materials used by campaign managers. The bill adds a requirement that the Committee provide input from charitable organizations participating in SECC to the State Policy Committee.

***Removes a statutory exemption for certain charities***

S.B. 217 repeals the statutory exemption that allows charities that have administrative costs that exceed 25 percent of revenues and that participated in the campaign before June 20, 2003 to participate in SECC. The bill specifies this change in the eligibility criteria applies only to the eligibility of a charitable organization to participate in and the use of contributions from a state employee charitable campaign conducted on or after January 1, 2014.

***Amends and transfers part of SECC's un-codified session law into the Government Code***

S.B. 217 amends, re-designates, and transfers Section 18.01, Chapter 3 (H.B. 7), Acts of the 78<sup>th</sup> Legislature, 3<sup>rd</sup> Called Session, 2003 to Section 659.146(g), Government Code. The bill provides that a federation or organization that participated in SECC before June 20, 2003, is not barred from participation in the program solely as a result of the changes made by Sections 35, 36, 37, and 121(9) and (11), Chapter 1310 (H.B. 2425), Acts of the 78<sup>th</sup> Legislature, Regular Session, 2003. These Sections of the bill allow certain charities that participated in SECC prior to June 20, 2003, including international charities, to continue to participate under prior eligibility and contribution use provisions.

***Sunset provision***

S.B. 217 continues SECC and removes it from future Sunset review.

***Applies standard Sunset Across-the-Board Recommendations to the State Policy Committee***

S.B. 217 adds standard Sunset language specifying the grounds for removing a State Policy Committee member and requiring members of the State Policy Committee to complete training before assuming their duties.

***Technical Change***

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S.B. 217 removes duplicative language stating that a State Policy Committee member may not receive compensation or reimbursements for serving on the Committee.

***The bill repeals the following statutory provisions.***

- Sections 659.131(1), (12), and (14), Texas Government Code
- Section 659.140(i), Texas Government Code
- Section 659.143, Texas Government Code
- Section 659.144, Texas Government Code
- Section 18.01, Chapter 3 (H.B. 7), Acts of the 78<sup>th</sup> Legislature, 3<sup>rd</sup> Called Session, 2003

**EFFECTIVE DATE**

Except as otherwise provided, September 1, 2013.